AMENDED IN SENATE APRIL 21, 2005

SENATE BILL No. 917

Introduced by Senator Speier

February 22, 2005

An act to amend ~~Section~~ *Sections 1339.51, 1339.56, and* 1339.57 of the Health and Safety Code, relating to the Payers' Bill of Rights.

LEGISLATIVE COUNSEL'S DIGEST

SB 917, as amended, Speier. Payers' Bill of Rights: diagnostic related groups.

The existing Payers' Bill of Rights authorizes the Office of Statewide Health Planning and Development to compile a list of the 10 most common Medicare diagnostic related groups (DRGs) and the average charge for each of these DRGs per hospital, and to publish this information on its Internet Web site.

This bill would, instead, require the office to compile a list of the 25 most common Medicare DRGs and the average charge for each of these DRGs per hospital, and would require the office to publish that information on its Internet Web site. The bill would also require the office to use Medicare All Patient Refined(APR)–DRGs for all hospitals, except hospitals with fewer than 10% Medicare admissions in the previous year. The bill would require the office to designate the APR–DRG methodology that it will use for the hospitals that are not reported on the Medicare DRG system.

Existing law requires each hospital to compile a list of the charges for the 25 services or procedures commonly charged to patients. Beginning July 1, 2004, existing law requires each hospital to make this list available to any person upon request.

This bill would instead require each hospital to compile a list of the average charges for the hospital's 25 most common Medicare

diagnostic related groups and beginning July 1, 2006, make that list available to any person upon request.

Existing law requires a hospital to make a written or electronic copy of its charge description master available, either by posting an electronic copy of the charge description master on the hospital's Internet Web site, or by making one written or electronic copy available at the hospital location.

This bill would require a hospital to provide a copy of its charge description master to a person who requests it and authorizes the hospital to charge a fee to cover the cost of copying.

Because existing law makes it a misdemeanor to willfully or repeatedly violate any rule or regulation in the Payer's Bill of Rights, by changing the definition of a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: ~~no~~ *yes*.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Existing law requires that hospitals report various charges to the Office of Statewide Health Planning and Development and make certain charges available to any person upon request.

(b) It is desirable for the public to have access to information that permits comparison of charges for high volume diagnostic related groups among hospitals.

(c) The office is best positioned to make hospitals' charge information available through its Internet Web site.

(d) This act shall be known, and may be cited as, the Hospital Transparency Act of 2005.

SEC. 2. Section 1339.51 of the Health and Safety Code is amended to read:

1339.51. (a) (1) Beginning July 1, 2004, a hospital, as defined in paragraph (2) of subdivision (b), shall make a written or electronic copy of its charge description master available, either by posting an electronic copy of the charge description master on the hospital's Internet Web site, or by making one written or electronic copy available at the hospital location. *A hospital shall provide a copy of its charge description master to a person who requests it and may charge a fee to cover the cost of copying.*

(2) A small and rural hospital, as defined in Section 124840, shall be exempt from paragraph (1).

(b) For purposes of this article, the following definitions shall apply:

(1) "Charge description master" means a uniform schedule of charges represented by the hospital as its gross billed charge for a given service or item, regardless of payer type.

(2) "Hospital" means a hospital, as defined in subdivision (a), (b), or (f) of Section 1250, that uses a charge description master.

(3) "Office" means the Office of Statewide Health Planning and Development.

(c) The hospital shall post a clear and conspicuous notice in its emergency department, if any, in its admissions office, and in its billing office that informs patients that the hospital's charge description master is available in the manner described in subdivision (a).

(d) Any information about charges provided pursuant to subdivision (a) shall include information about where to obtain information regarding hospital quality, including hospital outcome studies available from the office and hospital survey information available from the Joint Commission for Accreditation of Healthcare Organizations.

SEC. 3. Section 1339.56 of the Health and Safety Code is amended to read:

1339.56. Each hospital shall compile a list of the *average* charges for ~~25 services or procedures commonly charged to patients~~ *the hospital's 25 most common Medicare diagnostic related groups*. Beginning July 1, ~~2004~~ *2006*, each hospital shall make this list available to any person upon request. Each hospital shall file this list annually with the office, in a form prescribed by the office, along with the charge description master. After

reviewing hospital filings, the office may develop a uniform reporting form for the 25 services or procedures most commonly charged to patients, may require hospitals to file this form with the office in a form prescribed by the office, and may require hospitals to provide patients with the charges for these 25 services or procedures.

~~SEC. 2.~~

SEC. 4. Section 1339.57 of the Health and Safety Code is amended to read:

1339.57. The office shall compile a list of the 25 most common Medicare diagnostic related groups (DRGs) and the average charge for each of these DRGs per hospital. The office shall publish this information on its Internet Web site. The office shall use Medicare All Patient Refined (APR)–DRGs for all hospitals, except hospitals with fewer than 10 percent Medicare admissions in the previous year. The office shall designate the APR–DRG methodology it will use for hospitals that are not reported on the Medicare DRG system.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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